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Report on the activities of the Office of Internal Oversight Services

Report of the Office of Internal Oversight Services

Part one

Note by the Secretary-General

The Secretary-General has the honour to transmit for the consideration of the General Assembly his comments on part one of the annual report of the Office of Internal Oversight Services (A/61/264 (Part I) and Add.1).

Summary

The annual report of the Office of Internal Oversight Services covers the activities of the Office from 1 July 2005 to 30 June 2006. In the present note the Secretary-General provides comments on a number of issues which the administration considers require clarification.

I. Introduction

1. The recommendations of the Office of Internal Oversight Services (OIOS) are welcomed, and every effort will be made to ensure the full implementation of those which are addressed to the Secretary-General. Clarifications on a number of issues are provided below for the information of Member States.

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II. Comments on specific paragraphs of the report of the Office of Internal Oversight Services

Funding restrictions[1]

2. As far as peacekeeping operations are concerned, the number of auditors is based on a ratio that has been approved by the General Assembly. All such posts requested by OIOS have been approved by the Assembly. The Assembly has also approved all resources requested under the support account for peacekeeping operations for the budget cycles 2004/05 and 2005/06. For the current budget cycle, the Advisory Committee on Administrative and Budgetary Questions has deferred action on the support account pending an analysis of and proposals for resource requirements of OIOS in the context of the proposals to strengthen the Office. In the meantime, the Assembly has approved resources at the maintenance level. The table below shows the resources made available to OIOS for the current and last two bienniums.

Budget of the Office of Internal Oversight Services

(United States dollars)

Biennium	*Regular budget*	*Extrabudgetary (including peacekeeping support account)*	*Total*
2002-2003	20 946 600	19 117 600	40 064 200
2004-2005	24 187 000	39 685 300	63 872 300
2006-2007	31 330 100	56 354 600	87 684 700

3. With respect to the question of multi-source funding, the General Assembly is informed that the expenditures of the Organization are currently accounted for according to the source of funding. Any deviation from that principle would require specific approval by the Assembly. Furthermore, resources for activities related to peacekeeping operations are approved by the Assembly on the basis of fluctuating operational requirements and utilizing a separate scale of assessment. It should be noted that OIOS operations are funded from multiple sources in exactly the same way that all support operations are funded, including the Department of Management.

Hindrances to the progress of work[2]

4. The Secretary-General notes that there are sometimes factors that are beyond the control of the Secretariat (evacuations, focus on time-bound elections, security conditions, etc.), temporarily preventing OIOS and other relevant offices and departments (such as the Office for the Coordination of Humanitarian Affairs, the Office of the United Nations High Commissioner for Human Rights, the Department of Peacekeeping Operations and the Department of Management) from undertaking their work. Such temporary curtailment of the work should in no way be construed as disrespect for the fundamental principles of transparency and independent oversight.

[1] A/61/264 (Part I), paras. 4-5.

[2] Ibid., paras. 6-10.

Capital master plan project[3]

5. It should be noted that the justification for utilizing the United States Department of Health and Human Services model was shared with OIOS on several occasions by the Executive Director of the capital master plan project and discussed in detail with OIOS, and finally a version approved by the Under-Secretary-General for Management was provided to OIOS on 31 May 2006.

6. OIOS states that the Office of the Capital Master Plan had implemented most OIOS recommendations as revisions to the reconstruction phase service agreement. It is important to clarify that, based on the advice of outside counsel engaged specifically to advise the Organization on the agreement and related issues, and as a result of intensive consultations and meetings among the relevant offices, it was determined that some OIOS recommendations regarding the agreement were not suitable for inclusion in this specific type of agreement and would not be in the interest of the Organization.

Procurement Task Force[4]

7. The Department of Management provided OIOS with full support in addressing its anticipated needs for office space, security, equipment, communications and support staff well before OIOS had determined its budgetary requirements. The General Assembly is informed that resources were made available to OIOS on 14 January 2006 following the receipt of its request on 29 December 2005 and an expedited review thereof in accordance with established procedures. At no time was the work of the Task Force delayed because of resource constraints or lack of support from the Department of Management.

Medical Insurance Plan[5]

8. It should be noted that the Medical Insurance Plan is self-funded and self-administered. As a self-funded programme, reserves are necessary to provide for the possibility of unusually high levels of claims. In addition, the Plan is considered one programme despite the fact that premiums are collected and claims are paid in several different countries and in different currencies. As such, claims and premium collections are pooled globally and are not expected to balance on a country-by-country basis. The application of different percentages against salary costs for different countries would be undesirable, as it would result in the inequitable treatment of staff.

Central Emergency Response Fund[6]

9. With respect to the timeliness of the release of funds from the Central Emergency Response Fund, the General Assembly is informed that there was only one case in which it took 45 days to process the advance, 37 of which were required by the requesting office to clarify issues in order to avoid non-compliance with established policies and procedures, which would be questioned by auditors.

[3] Ibid., paras. 50-51.
[4] Ibid., para. 58.
[5] Ibid., para. 71.
[6] Ibid., para. 76.

Cost savings[7]

10. It is noted that OIOS has identified a total of $49.2 million in cost savings and that actual savings and recoveries totalled approximately $14.2 million. Of that amount, $8.9 million resulted from a change in the policy with respect to the strategic deployment stocks, by which it was decided that costs relating to assets that were originally part of the reserves located at the United Nations Logistics Base at Brindisi, Italy, should not be recorded by peacekeeping missions as strategic deployment stock expenditures. The Secretariat points out that such a policy change for the recording of assets does not constitute "savings" for the Organization. Likewise, the $7.9 million in "recommended savings" for the United Nations Mission of Support in East Timor/United Nations Transitional Administration in East Timor would not be considered savings unless resources were released for return to Member States.

11. The question of savings has been the subject of much discussion within the Secretariat. If resources are released for return to Member States as a result of cost avoidance, recovery of overpayments, efficiency gains, rationalization of work or streamlining/enhancement of processes, then and only then can they be considered savings. It is the view of the Secretary-General that only when such funds are available for surrender to Member States should they be considered savings.

12. The reporting to Member States of cost savings referred to in the OIOS report without providing details of the basis for their identification, their funding source or the responsible office and without the corresponding substantiating transactions being recorded in the context of performance reports is of doubtful value.

13. The Secretary-General would appreciate it if more tangible detail were given by OIOS in future when reporting on claimed savings.

Mobility[8]

14. Mandatory mobility will begin in May 2007. The Office of Human Resources Management appreciates the importance of taking into account the skills and competencies of staff to ensure the effectiveness of this programme and is taking the necessary steps to ensure that appropriate systems are in place to have this information available when the full implementation of the mobility policy takes place.

United Nations Monitoring, Verification and Inspection Commission[9]

15. On the question of a revised programme of work for the United Nations Monitoring, Verification and Inspection Commission, the Secretary-General, in a letter dated 19 April 2006, invited the Council to consider undertaking a review of the Commission's mandate as set out in Council resolution 1284 (1999). The Council has not taken any action on this matter to date.

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[7] A/61/264 (Part I)/Add.1, paras. 10-11.

[8] Ibid., para. 17.

[9] Ibid., para. 24.